



**The American Recovery Reinvestment Act of 2009
Financing Opportunities for California's Public Sector
June 19, 2009
Sacramento**

**GREEN BONDS
CLEAN RENEWABLE ENERGY BONDS (CREBs)**

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CAEATFA Mission

Reduce the cost of climate change reductions for California

Assist public agencies, local government, non-profit, public and private entities meet their green house reduction needs through financial tools that reduce costs

Creative financing for renewable, energy efficiency, and advanced transportation projects

Establish transparent criteria for evaluating renewable energy, energy efficiency & advanced transportation projects





CAEATFA Authority

- Taxable Bonds
- Loans
- Loan Guarantees
- Sales & Use Tax Exemptions
- Clean Renewable Energy Bonds
- Qualified Energy Conservation Bonds
- Industrial Development Bonds
- Tax Exempt Bonds
 - Non-Profits
 - Local District Heating & Cooling





CREBS for State, Local and Tribal Governments (\$2.4 billion)

- Provides a financing mechanism for renewable energy projects at attractive rates
- Promote the use of renewable energy in publicly owned facilities
- Federal Davis-Bacon prevailing wages apply
- Issuer must file application with IRS on or before *August 4, 2009*





CREBS Eligible Projects

- **Wind energy**
- **Biomass (closed & open loop)**
- **Geothermal energy**
- **Solar energy**
- **Small Irrigation power**
- **Landfill gas**
- **Trash combustion**
- **Marine and hydrokinetic energy**
- **Qualified hydropower facilities**





CREBs “Tax Credit” bond

- Designed to provide a 70% interest subsidy (tax credit to bondholder in lieu of issuer paying interest cost)
- Tax credit rates determined by IRS and published daily
https://www.treasurydirect.gov/govt/apps/slgs/slgs_irstax.htm
- Maximum Term determined by IRS and published along with the tax credit rates (typically ranges from 12 – 16 years)





CREBs benefits

- Public entity receives necessary up-front funding for projects
- Bonds are sold as “taxable” bonds
- Bullet maturity – single principal payment
- Ability to set-aside funds to repay bonds and earn interest up to stated limits
- Different segment of institutional buyers compared to tax-exempt bonds





IRS CREBs Application Requirements

- Submitted by Qualified issuer; Application form available at <http://www.treasurer.ca.gov/caeatfa/ncrebs.pdf>
- Project description (technology, expected acquisition, construction & service dates)
- Project owner (public entity)
- Certification from licensed engineer
- Prior allocations and related projects
- Location
- Regulatory approvals
- Financing plan
- Dollar amount requested
- Public disclosure
- Pooled financing bond (if applicable)